



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

February 29, 2012

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To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name of the Chief Executive Officer.

SACRAMENTO UPDATE

This memorandum contains a report on legislation of County interest relating to: 1) the dissolution of redevelopment agencies; 2) economic development; and 3) affordable housing; and a report on a joint hearing conducted by the Senate Transportation and Housing Committee and the Senate Governance and Finance Committee on affordable housing and economic development.

Recently Introduced Redevelopment, Economic Development and Affordable Housing Legislation

A number of bills have been introduced that would make changes to the dissolution process that cities and counties are using to resolve financial obligations of former Redevelopment Agencies (RDAs), as established by ABX1 26 (Chapter 5, Statutes of 2011). Many of the measures related to the dissolution process are in response to issues that have been raised by RDAs, cities, labor, the bond community, county auditors, and others seeking clarification or amendments to ABX1 26. Additionally, there is interest in the Legislature for consideration of a mechanism to provide opportunities for local economic development and affordable housing in the absence of redevelopment.

The following is a summary of bills introduced prior to the February 24, 2012 bill introduction deadline related to redevelopment, as well as other measures attributed to the dissolution of RDAs and efforts to create an alternative to redevelopment and affordable housing. Legislative rules require for introduced bills to be in print for 30 days before they can be amended or heard in a policy committee.

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Redevelopment Related Legislation

AB 1644 (Carter), which as introduced on February 13, 2012, would enact the State Military Base Reuse and Preservation Act of 2012. The bill makes findings and declarations relating to the granting of redevelopment powers to communities affected by Federal military base closures. The bill also declares the intent of the Legislature to enact legislation that allows those areas affected by base closures to have a choice of a successor agency similar to the one established in existing law and which would allow monies to be deposited in the California Military Base Closure Fund to be used solely for purpose of redeveloping the affected areas.

AB 2146 (Mansoor), which as introduced on February 23, 2012, would make technical changes requiring county auditors to make specified calculations based on the amount deposited on behalf of each former RDA in the Redevelopment Property Tax Fund. The bill requires these calculations to result in cities, counties, and special districts annually remitting to the Educational Revenue Augmentation Fund the same amounts they would have remitted prior to the enactment of ABX1 26.

SB 1056 (Hancock), which as introduced on February 9, 2012, would add financial obligations relating to a project funded with a combination of property tax increment from the former RDA and a Federal Qualified School Construction Bond, as specified, to the definition of the term enforceable obligation. The bill contains an urgency clause making it effective immediately, if passed by a two-thirds vote of the Legislature and signed by the Governor.

SB 1151 (Steinberg), which as introduced on February 21, 2012, would require successor agencies to prepare long-range asset management plans that outline a strategy for ongoing economic development and housing functions. The bill requires successor agencies to submit the plan to the Department of Finance (DOF) and the oversight board by December 1, 2012, and would require the approval of the plan by the DOF and oversight board by December 31, 2012.

SB 1156 (Steinberg), which as introduced on February 22, 2012, would declare the intent of the Legislature to establish and authorize the use of new joint powers authorities and a new financing option for cities and counties throughout the State to develop sustainable economic development and affordable housing. The bill would authorize the legislative body of the city and county representing the geographic area served by a former RDA to elect a Community Development and Housing Joint Powers Authority (Authority). The bill authorizes an Authority to assume responsibility for managing the assets and property of the former RDA.

SB 1157 (Berryhill), which as introduced on February 22, 2012, would make technical, non-substantive changes to the provisions of ABX1 26 related to the duties of the successor agency, including requirements to continue to make payments due for enforceable obligations, remit unencumbered balances to the auditor-controller for distribution, and dispose of assets.

SB 1335 (Pavley), which as introduced on February 24, 2012, would authorize a successor agency to retain land of a former RDA that is a brownfield site, and is either on or immediately adjacent to land previously developed for qualified urban uses. The bill authorizes the successor agency to develop the land if the associated development project meets specified requirements.

SB 1439 (Huff), which as introduced on February 24, 2012, would exempt the Monrovia Redevelopment Agency from provisions relating to the suspension and dissolution of RDAs pursuant to ABX1 26. The bill would authorize the Monrovia RDA to continue to exist and carry out redevelopment activities. The bill would also make specified findings and declarations that the special legislation is applicable only to the City of Monrovia. The bill contains an urgency clause making it effective immediately, if passed by a two-thirds vote of the Legislature and signed by the Governor.

Infrastructure and Economic Development

AB 2012 (Pérez), which as introduced on February 23, 2012, would require that the Governor's Office of Business and Economic Development serve as the State agency primarily responsible for international trade and investment activities in the State and establishes an electronic online permit assistance center for the purpose of assisting a business.

AB 2144 (Pérez), which as introduced on February 23, 2012, would declare the intent of the Legislature to enact legislation during the 2011-12 Legislative Session that establishes long-term, targeted programs that provide local governments with tools and resources for specified purposes, including, but not limited to, public infrastructure, affordable housing, economic development and job creation, and environmental protection and remediation, in a manner that encourages local cooperation and includes appropriate protections for State and local taxpayers.

AB 2523 (Hueso), which as introduced on February 24, 2012, would authorize the Infrastructure and Economic Development Bank, upon appropriation by the Legislature, to enter into participation loan agreements with financial institutions to purchase interests in loans made or held by financial institutions to small businesses. The bill would require the bank to include in its annual report a summary of the participation loan agreement program.

SB 1484 (Pavley), which as introduced on February 24, 2012, would amend the Bergeson-Peace Infrastructure and Economic Development Bank Act which funds specified types of infrastructure development projects. The bill makes several legislative findings and declarations relating to the need for providing greater access to capital in specified industries and defines the term clean energy technology.

Affordable Housing

SB 1220 (DeSaulnier), which as introduced on February 23, 2012, would enact the Housing Opportunity Trust Fund Act of 2012 relating to the need for permanent ongoing sources of funding dedicated to affordable housing development. The bill would impose a fee of \$75 to be paid at the time of the recording of every real estate instrument, paper or notice.

SB 1421 (Correa), which as introduced on February 24, 2012, would make technical, non-substantive changes to the legislative findings and declarations regarding the shortage of available low and moderate income housing and the need to expedite State and local housing development.

This office is working with affected departments on the analysis of all those measures and will keep your Board apprised of potential County impact.

Hearing on Affordable Housing and the Future of Economic Development

On February 22, 2012, the Senate convened a Joint Hearing of the Senate Transportation and Housing Committee and the Senate Governance and Finance Committee to discuss affordable housing and the future of economic development. The hearing began with a brief statement from Senate President pro Tempore Darrell Steinberg announcing his view on the future of economic development. Specifically, he discussed two proposals recently introduced, SB 1151 (Steinberg) and SB 1156 (Steinberg), relating to the disposition of the assets of former redevelopment agencies and the formation of a new economic development entity. As with all redevelopment legislation, the Chief Executive Office is in the process of analyzing the impact of these bills on the County.

We will continue to keep you advised.

WTF:RA
MR:LY:sb

c: All Department Heads
Legislative Strategist